

Genevieve Morelli
Executive Vice President
& General Counsel

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February 2, 1998

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Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M St., N.W.
Room 222
Washington, D.C. 20554

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OFFICE OF THE SECRETARY

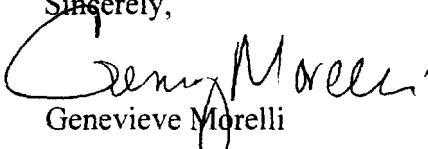
Re: CC Docket Nos. 96-98; 97-121; 97-137; 97-208; 97-231
Ex Parte Communication

Dear Ms. Salas:

On January 30, 1998, Genevieve Morelli and Joseph Gillan, representing the Competitive Telecommunications Association (CompTel), met with Jordan Goldstein, Michelle Carey, and Jake Jennings of the Common Carrier Bureau and Michael Riordan, Chief Economist, to discuss issues relating to the availability and use of unbundled network elements (UNEs) by requesting carriers to provide competitive exchange and exchange access services. The attached document was distributed during the meeting.

Please address any questions concerning this letter to the undersigned.

Sincerely,


Genevieve Morelli

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CLARICE

Summary of CompTel's Position on Combining Network Elements

I. The 8th Circuit decision affirmed the entrant's right to compete using a platform of network elements:

Initially, we [the Court] believe that the plain language of subsection 251(c)(3) indicates that a requesting carrier may achieve the capability to provide telecommunications services completely through access to the unbundled elements of an incumbent LEC's network. Nothing in this subsection requires a competing carrier to own or control some portion of a telecommunications network before being able to purchase unbundled elements.

The issue is *how* a carrier will combine network elements to provide finished services, including exchange access service. The method used to provide entrants access to combine elements:

1. Must be non-discriminatory; i.e., equivalent to the access the incumbent LEC provides itself, and
2. Cannot require that the entrant install telecommunications facilities in order to use network elements.

II. Requiring entrants to establish collocated facilities in order to combine and use network elements violates the Act and the 8th Circuit Opinion.

- A. Requiring collocated facilities violates the Court's conclusion that facilities' ownership cannot be a prerequisite to the use of access network elements.
- B. Collocation is inherently discriminatory, introducing steps and requirements on the entrant that are not experienced by the incumbent.

III. Requiring the installation of collocated facilities as a prerequisite to entry will substantially limit competition.

- A. Establishing collocated facilities will slow entry and limit its development to larger central offices (and only larger customers served at those central offices) because of the up-front costs to establish facilities and transfer customers.

- B. Bell Atlantic-NY's data demonstrates that collocation will not support widespread commercial-scale competition, particularly for residential customers.
- C. Requiring entrants to install collocated facilities will deny entrants access to integrated digital loop carrier technology, the forward-looking technology of choice.

IV. Switch and loop network elements can be separated using "recent change" capability of the local switch in a manner which satisfies the Court's requirements to separate network elements, but still provide for economically viable recombination by entrants.

- A. Recent change administration is used by the incumbent LECs to suspend, discontinue and initiate service.
- B. Use of recent change process would electronically separate loop and local switching in a manner consistent with the 8th Circuit.
- C. Entrants can be provided access to the recent change process in a manner which enables the entrant to recombine loop/switch network elements and restore service to customers.
- D. Combining network elements using the recent change process is:
 - 1. non-discriminatory,
 - 2. compatible with large volume, commercial scale, competition.
 - 3. able to satisfy customer expectations regarding provisioning intervals, carrier-transfers and expected outages.

**The Discrimination Created by Denying Entrants
Access to Network Element Combinations**

Measure	Platform Combination	Loop and Port As Separated Elements
Customer Mix	90% Residential ^a	100% Business ^a
Expected 1998 Demand	203,819 lines ^b	24,205 line ports ^c
Expected 2001 Demand	1,475,107 lines ^b	418,053 line ports ^c
Customer outage when changing carriers	Imperceptible	5 minutes ^d
BA-NY daily order capacity ^e	1,773	255
Order Rejection Rate ^f	0.6%	23.0%
Order Confirmation Timeliness (hours:minutes) ^g	1:28	33:00
Order Confirmation: Target Timeliness ^h	24 hrs	48 hrs
Order Confirmation: Percent within Target ^h	100%	70%
Order Reject Timeliness (hours:minutes) ⁱ	2:56	40:00
Order Reject: Target Timeliness ^j	24 hrs	48 hrs
Order Reject: Percent with Target ^j	100%	67%

- a. Attachment 1 to Affidavit of Gerard Mulcahy, page 5.
- b. Smith Affidavit, Exhibit 1.
- c. Smith Affidavit, Exhibit 2.
- d. Butler Affidavit, page 8.
- e. Mulcahy Affidavit, Attachment 1, page 11.
- f. Mulcahy Affidavit, Exhibit E-7, page E-31.
- g. Mulcahy Affidavit, Exhibit E-7, page E-31.
- h. Mulcahy Affidavit, Exhibit E-7a, page E-32. Percent within target for unbundled loops is the 3 day average of the test.
- i. Mulcahy Affidavit, Exhibit E-7, page E-31.
- j. Mulcahy Affidavit, Exhibit E-7a, page E-32. Percent within target for unbundled loops is the 3 day average of the test.